

**Housing Authority of the City
of New Iberia
New Iberia, Louisiana**

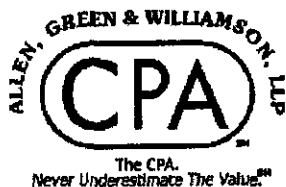
**Annual Financial Report
As of and for the Year Ended March 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/12/05

**Housing Authority of the City of New Iberia
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of New Iberia
New Iberia, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of the City of New Iberia, Louisiana, as of and for the year ended March 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of March 31, 2005, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11, the Housing Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2005.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2005 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information as listed in the table of contents and the schedule of expenditures of federal awards, which is required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 26, 2005

Housing Authority of New Iberia, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2005

The management of Public Housing Authority of New Iberia, Louisiana presents the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending March 31, 2005. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- ☐ The Housing Authority's assets exceeded its liabilities by \$2,241,610 at the close of the fiscal year ended 2005.
 - ☐ Of this amount \$1,704,639 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ☐ The remainder of \$536,971 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 39% of the total operating expenses of \$1,051,125 for the fiscal year 2005, which means the Authority might be able to operate about 5 months using the unrestricted assets alone.
- ☐ The Housing Authority's total net assets increased by \$98,233, a 5% change from the prior fiscal year 2004. This increase is attributable to a combination of factors: Federal Operating plus Capital grants increased a net of nearly \$42,000, rental and other non-operating income increased over \$52,000, and protective services expenses were discontinued in the current year, saving over \$27,000 from that of the prior year, described in more detail below.
- ☐ The increase in net assets of these funds was accompanied by an increase in unrestricted cash by \$128,830 from fiscal year 2004, primarily due to receiving \$294,000 more in operating grants and rental income than was spent for operations, spending \$66,000 more for capital assets than Federal grants received, and investing nearly \$99,000 of excess cash in investments.
- ☐ The Authority spent \$241,737 on capital asset additions and \$1,667,189 on construction in progress during the current year.
- ☐ These changes led to an increase in total assets by \$1,808,733 and an increase in total liabilities by \$1,710,500. However, as another measure of financial health, there are still over \$3 of current assets covering each dollar of current liabilities.
- ☐ The Housing Authority has incurred a capital lease for one of its housing structures totaling \$1,635,070
- ☐ With exception of the capital lease just mentioned, the primary source of funding for these activities continues to be the Department of Housing and Urban Development (HUD).

Housing Authority of New Iberia, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2005?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant funds:

- Low Rent Program
- Capital Fund Program
- Substance Abuse Grant 2005

The Housing Authority's auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Housing Authority of New Iberia, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2005

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$2,241,610 as of March 31, 2005. Of this amount, \$1,704,639 was invested in capital assets, and the remaining \$536,971 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet (Excluding Interfund Transfers) As of March 31,		
	<u>2005</u>	<u>2004</u>
ASSETS		
Current Assets	\$ 700,136	\$ 509,129
Capital Assets, net of depreciation	3,333,639	1,715,913
Total Assets	4,033,775	2,225,042
LIABILITIES		
Current Liabilities, including current portion of lease obligation	234,056	66,977
Building Lease Obligation Payable, less current portion	1,558,109	14,688
Total Liabilities	1,792,165	81,665
NET ASSETS		
Invested in Capital Assets, net of depreciation and related debt	1,704,639	1,715,913
Unrestricted Net Assets	536,971	427,464
Total Net Assets	2,241,610	2,143,377
Total Liabilities and Net Assets	4,033,775	2,225,042

Housing Authority of New Iberia, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2005

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$98,233, or by 5%, from those of fiscal year 2004, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets (Excluding Interfund Transfers) Fiscal Year Ended March 31,		
	<u>2005</u>	<u>2004</u>
OPERATING REVENUES		
Rental Revenue	269,198	245,867
Other Tenant Revenue	133,389	111,998
Other Revenue	985	6,507
Total Operating Revenues	403,572	364,372
OPERATING EXPENSES		
Depreciation	321,546	281,847
Utilities	319,566	329,882
Ordinary maintenance and repairs	207,386	264,268
Administration	293,719	270,303
General, including interest expense on lease obligation	201,472	119,975
Tenant Services	17,099	18,662
Protective Services	11,883	27,784
Total Operating Expenses	1,372,671	1,312,721
(Losses) from Operations	(969,099)	(948,349)
NON-OPERATING REVENUES		
Federal Grants - Operating	775,396	609,609
Federal Grants - Capital	276,198	525,128
Interest and Investment Income	15,738	2,668
Total Non-Operating Revenues	1,067,332	1,137,405
NET INCREASES IN NET ASSETS	98,233	189,056
NET ASSETS, Beginning of Year	2,143,377	1,954,321
NET ASSETS, End of Year	2,241,610	2,143,377

Housing Authority of New Iberia, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2005

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$30,873, or by 2%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- ☐ Federal Capital Funds from HUD decreased by \$248,930, or by 47% from that of the prior fiscal year, because the Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2002 through 2005.
- ☐ The Authority received \$124,703 in special Federal 1406 operating funds that it had not received in the prior year.
- ☐ Total tenant revenue increased by \$44,722, or by 12% from that of the prior fiscal year, due to two factors: Tenant rental revenues increased by \$23,331, or by 9%, because occupancy rates increased by 11%. Finally, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) increased by \$21,391, or by 19%. Since there was an increase in tenant revenues, the amount of these fees changed accordingly, and there was an increase in effort to collect them compared to the prior year.
- ☐ Federal revenues from HUD for operations increased by \$41,084, or by 7% from that of the prior fiscal year. The determination of operating grants is based upon a three year average of past operations performance. The current contributions were greater because of slight increases in performance of at least one of the prior fiscal years' operations.
- ☐ Interest and investment income increased by \$13,070 from that of the prior fiscal year, because cash available for investing increased by \$129,100.
- ☐ Total other non-operating revenue decreased by \$5,522, or by 85% from that of the prior fiscal year, because the Authority received less in project management fees than in prior years.

Compared with the prior fiscal year, total operating and non-operating expenses increased \$59,950, or by 5%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- ☐ General Expenses increased by \$81,497, or by 68% from that of the prior fiscal year, primarily because interest expense increased by \$70,555, since capital lease obligations increased by \$1,629,000. In addition, insurance premiums increased by \$3,036, or by 3%, because property and casualty insurance premiums increased. Also, payments in lieu of taxes (PILOT) increased by \$7,075. PILOT is calculated as a percentage of rent (which increased by 9%) minus utilities (which decreased 3%), and therefore changed proportionately to the changes in each of these. Finally, uncollectible rents from vacated units increased by \$1,431, or by 24%, because these changed roughly proportional to rent, which increased by 9% as previously mentioned.

Housing Authority of New Iberia, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2005

- Ordinary maintenance and repairs decreased by \$56,882, or by 22% from that of the prior fiscal year, due to several offsetting factors: Primarily, contract labor costs decreased by \$22,238, or by 29%. Offsetting this, in order to conserve costs, repair staff wages decreased by \$24,716, or by 24%, and related employee benefit contributions decreased by \$5,344, or by 16%. Also, materials used decreased by \$4,584, or by 9%.
- Depreciation expense increased by \$39,699 or by 14% from that of the prior fiscal year because there was an increase in capital assets by \$1,908,927.
- Administrative Expenses increased by \$23,416, or by 9% from that of the prior fiscal year, due to a combination of offsetting factors: Primarily, sundry expenses increased by \$27,662, or by 49%. On the other hand, administrative staff salaries decreased by \$4,764, staff vacation and sick leave pay decreased by \$3,024, and related employee benefit contributions decreased by \$759; therefore, total staff salaries and benefit costs decreased by 5%. Audit fees decreased by \$1,400, but accounting fees increased by \$646; also, legal fees increased by \$1,124; thus, total outside professional fees increased by 2%. Finally, staff travel reimbursements increased by \$4,693, or by 38%, but staff training costs decreased by \$761, or by 31%.
- Protective Services decreased by \$15,901, or by 57% from that of the prior fiscal year, due to discontinuance of all protective services from that of the prior year.
- Utilities Expense decreased by \$10,316, or by 3% from that of the prior fiscal year, because water consumption decreased by \$7,468, due to a decrease in consumption by 17% but an increase in rate by 85%, and gas consumption decreased by \$2,889, due to a decrease in consumption by 7% but an increase in rate by 3%. Also, other utilities expense decreased by \$20,049, or by 19%. Offsetting this, electricity increased by \$20,091, due to an increase in consumption by 15% and an increase in rate by 127%.
- Tenant Services decreased by \$1,563, or by 8% from that of the prior fiscal year, due to discontinuance of certain services to conserve costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2005, the Housing Authority had a total cost of \$10,289,844 invested in a broad range of assets and construction in progress from projects funded in 2002 through 2005, listed below. This amount, not including depreciation, represents increases of \$1,908,927 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Capital Assets, Net of Accumulated Depreciation
As of March 31,

	<u>2005</u>	<u>2004</u>
Land	\$ 222,593	\$ 222,593
Construction in Progress	132,584	226,692
Buildings	2,893,228	1,199,048
Furniture and Equipment	<u>85,234</u>	<u>67,580</u>
Total	<u>\$3,333,639</u>	<u>\$1,715,913</u>

Housing Authority of New Iberia, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2005

As of the end of the 2005 fiscal year, the Authority is still in the process of completing HUD grants of \$1,553,095 obtained during 2002 through 2005 fiscal years. A total remainder of \$789,102 will be received and \$789,102 will be spent for completing these projects during fiscal year 2006.

Debt

Non-current liabilities also include accrued annual vacation and sick leave due to employees, for which there was no accrual at the end of the current fiscal year.

The Housing Authority has incurred a lease obligation for one of its dwelling structures totaling \$1,629,000 at 4.95% interest for a term of 12 years. The Authority will reduce the obligation by \$85,276, \$118,708, \$124,695, \$130,982, and \$137,587 over the next 5 years, with \$1,031,752 remaining due thereafter.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2006 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Elton J. Broussard, Executive Director, at Public Housing Authority of New Iberia, Louisiana; 325 North St.; New Iberia, LA 70560.

HOUSING AUTHORITY OF THE CITY OF NEW IBERIA

ENTERPRISE FUNDS

Balance Sheet

March 31, 2005

ASSETS

Current Assets

Cash and cash equivalents	\$ 183,295
Investments	410,481
Accounts receivables, net	6,879
Prepaid items and other assets	70,296
Inventory	3,190

Restricted Assets

Tenant deposits	<u>25,995</u>
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Total Current Assets	<u>700,136</u>
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Capital Assets

Land, buildings, and equipment (net of accumulated depreciation)	<u>3,333,639</u>
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TOTAL ASSETS	<u>\$ 4,033,775</u>
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Statement A

LIABILITIES

Current Liabilities

Accounts payable	\$ 108,492
Interest payable	10,079
Deferred revenue	1,879
Current portion of long term debt	<u>91,346</u>

Total Current Liabilities	211,796
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Current Liabilities Payable From Current Restricted Assets

Deposits due others	<u>22,260</u>
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Total Current Liabilities	<u>234,056</u>
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Noncurrent Liabilities

Compensated absences payable	14,385
Lease obligation payable	<u>1,543,724</u>

Total Liabilities	<u>1,792,165</u>
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NET ASSETS

Invested in capital assets, net of related debt	1,704,639
Unrestricted	<u>536,971</u>

NET ASSETS	<u>2,241,610</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,033,775</u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF NEW IBERIA

**ENTERPRISE FUNDS
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended March 31, 2005**

Statement B

OPERATING REVENUES

Dwelling rental	\$ 402,587
Other	<u>985</u>
Total operating revenues	<u>403,572</u>

OPERATING EXPENSES

Administration	293,719
Tenant services	17,099
Utilities	319,566
Ordinary maintenance & operations	207,386
Protective services	11,883
General expenses	130,917
Interest expense	70,555
Depreciation	<u>321,546</u>
Total operating expenses	<u>1,372,671</u>

Income (loss) from Operations	<u>(969,099)</u>
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NONOPERATING REVENUES (EXPENSES)

Interest earnings	15,738
Federal grants	<u>775,396</u>

Total nonoperating revenues (expenses)	<u>791,134</u>
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Net income (Loss) before Contributions	(177,965)
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Capital contributions	<u>276,198</u>
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Change in net assets	98,233
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NET ASSETS AT BEGINNING OF YEAR	<u>2,143,377</u>
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NET ASSETS AT END OF YEAR	<u>\$ 2,241,610</u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF NEW IBERIA

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended March 31, 2005**

Statement C

	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 401,910
Other receipts	26,134
Payments to vendors	(671,657)
Payments to employees	<u>(209,799)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(453,412)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal grants	<u>775,396</u>
 NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	 <u>775,396</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase fixed assets	(316,312)
Capital contributions	276,198
Interest paid on capital debt	(60,476)
Proceeds from capital debt	<u>6,212</u>
 NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(94,378)</u>
 CASH FLOW FROM INVESTING ACTIVITIES:	
Interest and dividends	13,840
Purchase investments	<u>(112,346)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>(98,506)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 129,100
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>54,195</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 183,295</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF NEW IBERIA

ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended March 31, 2005

Statement C

	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (969,099)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	321,546
Interest expense	70,555
Change in assets and liabilities:	
(Increase) decrease receivables, net	25,564
(Increase) decrease inventories	(1,376)
(Increase) decrease prepaid items	27,801
Increase (decrease) accounts payable	74,382
Increase (decrease) compensated absences	(1,693)
Increase (decrease) deferred revenue	<u>(1,092)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (453,412)</u>
	(CONCLUDED)
Noncash capital and related financing activities	
The Housing Authority entered into a capital lease of \$1,629,000 resulting in additions to buildings of \$1,622,788.	

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the City of New Iberia
Notes to the Basic Financial Statements

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Housing Authority of the City of New Iberia
Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying basic financial statements of the Housing Authority of the City of New Iberia have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member Board of Commissioners. The members, appointed by the Honorable Mayor of the city of New Iberia, serve a staggered term of four years.

Under the United States Housing Act of 1937, as amended, the U. S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-rent character.

The Housing Authority had 200 units in management at projects LA 27-1/2/3.

<u>Program</u>	<u>Contract Number</u>	<u>Number of Units</u>
PHA owned housing	FW 1264	200

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally independent, the Housing Authority is a separate governmental reporting entity.

The Housing Authority is a related organization of the city of New Iberia since the city of New Iberia appoints a voting majority of the Housing Authority's governing board. The city of New Iberia is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the city of New Iberia. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the city of New Iberia.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. The general fund accounts for the transactions of the public housing low rent program, the capital fund program, and the substance abuse program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Housing Authority of the City of New Iberia
Notes to the Basic Financial Statements

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the Housing Authority's funds are rent and maintenance charges to residents. Operating expenses for proprietary funds include the administrative costs of providing these services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at the lower of market or cost.

E. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as *due from other funds or due to other funds on the balance sheet*. Short-term interfund loans are classified as interfund receivables/payables.

G. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the purchase method. At year end the amount of inventory is recorded for external financial reporting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

H. CAPITAL ASSETS Capital assets exceeding \$500 are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at

Housing Authority of the City of New Iberia
Notes to the Basic Financial Statements

the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and fixtures	5 to 7 years
Computers	3 years

I. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

J. DEFERRED REVENUES The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

K. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net asset use are either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. INTERFUND ACTIVITY Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. All other interfund transfers are reported as transfers. Reimbursements are when one fund incurs a cost, changes the benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

M. USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS The Housing Authority maintains investment in Certificates of Deposits with a maturity at time of purchase of one year or less. These investments are recorded at amortized cost.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority's investments are in Certificates of Deposits and Savings Accounts, which do not have credit ratings; however, the Housing Authority's policy does not address credit rate risk.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2005, the Housing Authority's bank balance of \$611,887 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Housing Authority's name. Even though the

Housing Authority of the City of New Iberia
Notes to the Basic Financial Statements

pledge securities are considered uncollateralized under the provisions of GASB Statement No. 3, the Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal has failed to pay deposited funds upon request.

NOTE 3 - RECEIVABLES The receivables at March 31, 2005, are as follows:

<u>Class of Receivables</u>	
Residents	\$1,546
Other	2,785
Interest	<u>2,548</u>
Total	<u>\$6,879</u>

The residents account receivable is net of an allowance for doubtful accounts of \$1,045.

NOTE 4 - CAPITAL ASSETS The changes in capital assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non depreciable capital assets:				
Land	\$ 222,593	\$ 0	\$ 0	\$ 222,593
Construction in progress	226,692	267,537	361,645	132,584
Depreciable assets:				
Buildings	7,804,283	1,984,433	0	9,788,716
Furniture and equipment	<u>235,859</u>	<u>48,774</u>	<u>6,098</u>	<u>278,535</u>
Total	<u>8,489,427</u>	<u>2,300,744</u>	<u>367,743</u>	<u>10,422,428</u>
Less: accumulated depreciation				
Buildings	6,605,235	290,253	0	6,895,488
Furniture and equipment	<u>168,279</u>	<u>31,120</u>	<u>6,098</u>	<u>193,301</u>
Total	<u>6,773,514</u>	<u>321,373</u>	<u>6,098</u>	<u>7,088,789</u>
Capital assets, net	<u>\$1,715,913</u>	<u>\$1,979,371</u>	<u>\$361,645</u>	<u>\$ 3,333,639</u>

NOTE 5 - RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan from the first anniversary date of the employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5.5 percent of his effective compensation. The employer is required to make monthly contributions equal to 7.5 percent of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended March 31, 2005, was \$243,070. The Housing Authority's contributions were calculated using the base salary amount of \$194,326. The Housing Authority made the required

Housing Authority of the City of New Iberia
Notes to the Basic Financial Statements

contributions of \$22,453 for the year ended March 31, 2005, of which \$13,371 was paid by the Housing Authority and \$9,082 was paid by employees. No payments were made out of the forfeiture account.

NOTE 6 - ACCOUNTS PAYABLES The payables at March 31, 2005, are as follows:

Contingency	\$ 5,000
Vendors	95,906
Payment in lieu of taxes	<u>7,586</u>
Total	<u>\$108,492</u>

NOTE 7 - COMPENSATED ABSENCES At March 31, 2005, employees of the Housing Authority have accumulated and vested \$20,455 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made.

NOTE 8 - LONG TERM OBLIGATIONS The following is a summary of the long term obligations transactions for the year.

	Compensated <u>Absences</u>	Lease <u>Obligation</u>
Balance, beginning	\$22,148	\$ 0
Additions	6,195	1,629,000
Deductions	<u>7,888</u>	<u>0</u>
Balance, ending	<u>\$20,455</u>	<u>\$1,629,000</u>
Amount due within one year	<u>\$ 6,070</u>	<u>\$ 85,276</u>

The following capital lease is outstanding at March 31, 2005. The capital lease is a conditional sales agreement for equipment to help the Housing Authority's units to conserve water and energy. A total of \$1,622,788 was added to the capital assets listing with \$108,186 recorded as depreciation resulting in a net book value of \$1,514,602 at March 31, 2005.

	Date of <u>Lease</u>	Maturity <u>Date</u>	Interest <u>Rate</u>	Lease <u>Amount</u>	Balance <u>March 31, 2005</u>
Capital lease	5/17/2004	5/17/2016	4.95%	\$1,629,000	\$1,629,000

The lease payments are due as follows:

Year Ending March 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	85,276	79,589	164,865
2007	118,709	74,233	192,942
2008	124,695	68,247	192,942
2009	130,982	61,960	192,942
2010	137,587	55,355	192,942
2011 to maturity	<u>1,031,751</u>	<u>174,136</u>	<u>1,205,887</u>
Total	<u>\$1,629,000</u>	<u>\$513,520</u>	<u>\$2,142,520</u>

Housing Authority of the City of New Iberia
Notes to the Basic Financial Statements

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority does not presently have any outstanding litigation.

Construction Projects There are certain major construction projects in progress at March 31, 2005. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133 through March 31, 2005, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 10 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 11 - NEW FINANCIAL MODEL The Governmental Accounting Standards Board (GASB) issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments in June 1999. The Statement, commonly referred to as the new reporting model, retained much of the reporting under the present reporting model, with modifications, and added new information. The most significant addition is the Management's Discussion and Analysis (which follows this independent auditors' report). The most apparent modification to the format of the old reporting model that is being carried forward will be the display of major funds in the Fund Financial Statements, rather than the traditional fund-type display.

NOTE 12 – ECONOMIC DEPENDENCE Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$1,051,594 to the Housing Authority, which represents approximately 71% of the Housing Authority's total revenue for the year.

HOUSING AUTHORITY OF THE CITY OF NEW IBERIA

**MODERNIZATION COSTS
CAPITAL FUND PROGRAM
March 31, 2005**

1. The actual Capital Fund Program costs is as follows:

	PROJECT <u>LA 48 P 02750102</u>
Funds Approved	\$ 394,929
Funds Expended	<u>394,929</u>
Excess of Funds Approved	<u>0</u>
 Funds Advanced	 394,929
Funds Expended	<u>394,929</u>
Excess of Funds Advanced	<u>\$ 0</u>

2. The distribution of costs by project as shown on the final schedule of Capital Fund Program expenditures dated April 25, 2005 accompanying the actual modernization certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All Capital Fund Programs costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF THE CITY OF NEW IBERIA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2005**

PHA: LA027 FYED: 03/31/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	PIH - Family Investment Corporation	Public Housing Capital Fund Program	Block Grants for Prevention and Treatment of Substance Abuse	Total
111	Cash - Unrestricted	\$183,295	\$0	\$0	\$0	\$0	\$183,295
114	Cash - Tenant Security Deposits	\$25,995	\$0	\$0	\$0	\$0	\$25,995
100	Total Cash	\$209,290	\$0	\$0	\$0	\$0	\$209,290
125	Accounts Receivable - Miscellaneous	\$2,785	\$0	\$0	\$0	\$0	\$2,785
126	Accounts Receivable - Tenants - Dwelling Rents	\$2,591	\$0	\$0	\$0	\$0	\$2,591
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(\$1,045)	\$0	\$0	\$0	\$0	(\$1,045)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$2,548	\$0	\$0	\$0	\$0	\$2,548
	Total Receivables, net of allowances for doubtful						
120	accounts	\$6,879	\$0	\$0	\$0	\$0	\$6,879
131	Investments - Unrestricted	\$410,481	\$0	\$0	\$0	\$0	\$410,481
142	Prepaid Expenses and Other Assets	\$70,296	\$0	\$0	\$0	\$0	\$70,296
143	Inventories	\$3,190	\$0	\$0	\$0	\$0	\$3,190
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$0	\$0	\$9	\$9
150	Total Current Assets	\$700,136	\$0	\$0	\$0	\$9	\$700,145
161	Land	\$222,593	\$0	\$0	\$0	\$0	\$222,593
162	Buildings	\$9,427,071	\$0	\$0	\$361,645	\$0	\$9,788,716
163	Furniture, Equipment & Machinery - Dwellings	\$94,071	\$0	\$0	\$8,074	\$0	\$102,145
164	Furniture, Equipment & Machinery - Administration	\$138,336	\$0	\$0	\$9,761	\$28,293	\$176,390
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$7,054,341)	\$0	\$0	(\$28,656)	(\$5,792)	(\$7,088,789)
167	Construction In Progress	\$0	\$0	\$0	\$132,584	\$0	\$132,584
	Total Fixed Assets, Net of Accumulated						
160	Depreciation	\$2,827,730	\$0	\$0	\$483,408	\$22,501	\$3,333,639
180	Total Non-Current Assets	\$2,827,730	\$0	\$0	\$483,408	\$22,501	\$3,333,639
190	Total Assets	\$3,527,866	\$0	\$0	\$483,408	\$22,510	\$4,033,784

**HOUSING AUTHORITY OF THE CITY OF NEW IBERIA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2005**

PHA: LA027 FYED: 03/31/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	PIH - Family Investment Corporation	Public Housing Capital Fund Program	Block Grants for Prevention and Treatment of Substance Abuse	Total
312	Accounts Payable <= 90 Days	\$100,906	\$0	\$0	\$0	\$0	\$100,906
322	Accrued Compensated Absences - Current Portion	\$6,070	\$0	\$0	\$0	\$0	\$6,070
325	Accrued Interest Payable	\$10,079	\$0	\$0	\$0	\$0	\$10,079
333	Accounts Payable - Other Government	\$7,586	\$0	\$0	\$0	\$0	\$7,586
341	Tenant Security Deposits	\$22,260	\$0	\$0	\$0	\$0	\$22,260
342	Deferred Revenues	\$1,870	\$0	\$0	\$0	\$9	\$1,879
	Current Portion of Long-term Debt - Capital						
343	Projects/Mortgage Revenue Bonds	\$85,276	\$0	\$0	\$0	\$0	\$85,276
347	Interprogram Due To	\$9	\$0	\$0	\$0	\$0	\$9
310	Total Current Liabilities	\$234,056	\$0	\$0	\$0	\$9	\$234,065
	Long-term Debt, Net of Current - Capital						
351	Projects/Mortgage Revenue Bonds	\$1,543,724	\$0	\$0	\$0	\$0	\$1,543,724
354	Accrued Compensated Absences - Non Current	\$14,385	\$0	\$0	\$0	\$0	\$14,385
350	Total Noncurrent Liabilities	\$1,558,109	\$0	\$0	\$0	\$0	\$1,558,109
300	Total Liabilities	\$1,792,165	\$0	\$0	\$0	\$9	\$1,792,174
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,198,730	\$0	\$0	\$483,408	\$22,501	\$1,704,639
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$536,971	\$0	\$0	\$0	\$0	\$536,971
513	Total Equity/Net Assets	\$1,735,701	\$0	\$0	\$483,408	\$22,501	\$2,241,610
600	Total Liabilities and Equity/Net Assets	\$3,527,866	\$0	\$0	\$483,408	\$22,510	\$4,033,784

**HOUSING AUTHORITY OF THE CITY OF NEW IBERIA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2005**

PHA: LA027 FYED: 03/31/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	PIH - Family Investment Corporation	Public Housing Capital Fund Program	Block Grants for Prevention and Treatment of Substance Abuse	Total
703	Net Tenant Rental Revenue	\$269,198	\$0	\$0	\$0	\$0	\$269,198
704	Tenant Revenue - Other	\$133,389	\$0	\$0	\$0	\$0	\$133,389
705	Total Tenant Revenue	\$402,587	\$0	\$0	\$0	\$0	\$402,587
706	HUD PHA Operating Grants	\$577,314	\$0	\$0	\$101,251	\$0	\$678,565
706.1	Capital Grants	\$0	\$0	\$0	\$276,198	\$0	\$276,198
708	Other Government Grants	\$0	\$0	\$0	\$0	\$96,831	\$96,831
711	Investment Income - Unrestricted	\$15,738	\$0	\$0	\$0	\$0	\$15,738
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$408	\$0	\$0	\$0	\$0	\$408
716	Gain/Loss on Sale of Fixed Assets	\$577	\$0	\$0	\$0	\$0	\$577
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$996,624	\$0	\$0	\$377,449	\$96,831	\$1,470,904

HOUSING AUTHORITY OF THE CITY OF NEW IBERIA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2005

PHA: LA027 FYED: 03/31/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	PIH - Family Investment Corporation	Public Housing Capital Fund Program	Block Grants for Prevention and Treatment of Substance Abuse	Total
911	Administrative Salaries	\$87,063	\$0	\$0	\$0	\$32,396	\$119,459
912	Auditing Fees	\$12,980	\$0	\$0	\$0	\$0	\$12,980
914	Compensated Absences	\$518	\$0	\$0	\$0	\$0	\$518
915	Employee Benefit Contributions - Administrative	\$30,795	\$0	\$0	\$0	\$2,931	\$33,726
916	Other Operating - Administrative	\$65,019	\$0	\$0	\$40,689	\$21,328	\$127,036
921	Tenant Services - Salaries	\$9,415	\$0	\$0	\$0	\$0	\$9,415
922	Relocation Costs	\$4,269	\$0	\$0	\$85	\$0	\$4,354
923	Employee Benefit Contributions - Tenant Services	\$3,330	\$0	\$0	\$0	\$0	\$3,330
931	Water	\$44,471	\$0	\$0	\$0	\$0	\$44,471
932	Electricity	\$127,176	\$0	\$0	\$0	\$0	\$127,176
933	Gas	\$61,581	\$0	\$0	\$0	\$0	\$61,581
938	Other Utilities Expense	\$86,338	\$0	\$0	\$0	\$0	\$86,338
941	Ordinary Maintenance and Operations - Labor	\$78,714	\$0	\$0	\$0	\$0	\$78,714
	Ordinary Maintenance and Operations - Materials						
942	and Other	\$28,940	\$0	\$0	\$0	\$0	\$28,940
	Ordinary Maintenance and Operations - Contract						
943	Costs	\$71,891	\$0	\$0	\$0	\$0	\$71,891
	Employee Benefit Contributions - Ordinary						
945	Maintenance	\$27,841	\$0	\$0	\$0	\$0	\$27,841
953	Protective Services - Other	\$0	\$0	\$0	\$0	\$11,883	\$11,883
961	Insurance Premiums	\$117,280	\$0	\$0	\$0	\$0	\$117,280
963	Payments in Lieu of Taxes	\$6,358	\$0	\$0	\$0	\$0	\$6,358
964	Bad Debt - Tenant Rents	\$7,279	\$0	\$0	\$0	\$0	\$7,279
967	Interest Expense	\$70,555	\$0	\$0	\$0	\$0	\$70,555
969	Total Operating Expenses	\$941,813	\$0	\$0	\$40,774	\$68,538	\$1,051,125
	Excess Operating Revenue over Operating						
970	Expenses	\$54,811	\$0	\$0	\$336,675	\$28,293	\$419,779
974	Depreciation Expense	\$288,471	\$0	\$0	\$27,283	\$5,792	\$321,546
900	Total Expenses	\$1,230,284	\$0	\$0	\$68,057	\$74,330	\$1,372,671
1001	Operating Transfers In	\$60,477	\$0	\$0	\$0	\$0	\$60,477
1002	Operating Transfers Out	\$0	\$0	\$0	(\$60,477)	\$0	(\$60,477)
1010	Total Other Financing Sources (Uses)	\$60,477	\$0	\$0	(\$60,477)	\$0	\$0
	Excess (Deficiency) of Operating Revenue Over						
1000	(Under) Expenses	(\$173,183)	\$0	\$0	\$248,915	\$22,501	\$98,233
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,157,095	\$1,138	\$4,150	\$980,994	\$0	\$2,143,377
	Prior Period Adjustments, Equity Transfers and						
1104	Correction of Errors	\$751,789	(\$1,138)	(\$4,150)	(\$746,501)	\$0	\$0
1120	Unit Months Available	2,400	0	0	0	0	2,400
1121	Number of Unit Months Leased	2,346	0	0	0	0	2,346

Housing Authority of the City of New Iberia

GENERAL

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

The members of the Board of Commissioners serve without compensation.

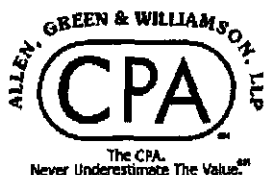
Ms. Gayle Antoine, Chairman

Mr. Ronald Davis

Mr. Thomas Jolivet

Ms. Karen Jones

Mr. Michael Joseph, Vice Chairman



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1963 - 2000

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the City of New Iberia
New Iberia, Louisiana

We have audited the basic financial statements of the Housing Authority of the City of New Iberia, as of and for the year ended March 31, 2005, and have issued our report thereon dated September 26, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

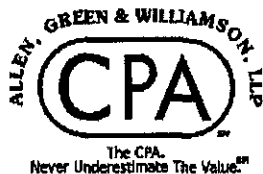
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described as 05-F1 in the accompanying schedule of findings and questioned costs.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 26, 2005



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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Board of Commissioners
Housing Authority of the City of New Iberia
New Iberia, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of New Iberia, New Iberia, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2005. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05-F2 and 05-F3.

Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-F2 and 05-F3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 26, 2005

HOUSING AUTHORITY OF THE CITY OF NEW IBERIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2005

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA NUMBER	GRANT ID NUMBER	PROGRAM EXPENDITURES
U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT DIRECT PROGRAMS			
Public and Indian Housing			
Operating Subsidy	14.850	FW 1264	\$ 577,314
Capital Fund Program	14.872	FW 1264	<u>377,449</u>
TOTAL U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 954,763</u>
U.S. DEPT OF HEALT AND HUMAN SERVICES			
Passed through the State of Louisiana Department of Health and Hospitals			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	60950	<u>96,831</u>
TOTAL U.S. DEPT OF HEALTH AND HUMAN SERVICES			<u>96,831</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$1,051,594</u>

Housing Authority of the City of New Iberia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2005

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of New Iberia, New Iberia, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

	<u>Federal Sources</u>
Enterprise funds:	
Public Housing	\$ 577,314
Alcohol and substance abuse	96,831
Capital fund program	<u>377,449</u>
Total	<u>\$1,051,594</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MAJOR FEDERAL AWARDS PROGRAMS The dollar threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

**Housing Authority of the City of New Iberia
Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 2005**

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.
- iii. There was one instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

Audit of Federal Awards

- iv. There were reportable conditions required to be disclosed by OMB Circular No. A-133. The reportable conditions were not considered to be material weaknesses.
- v. *The type of report the auditor issued on compliance for major programs was unqualified.*
- vi. The audit disclosed audit findings, which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:

CFDA# 14.850 Public and Indian Housing - Low Rent Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Housing Authority of the City of New Iberia
Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 2005**

PART II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: **05-F1** **Public Bidding Process**

Entity-wide or program/department specific: This finding applies entity-wide

Criteria or specific requirement: According to the Louisiana Revised Statute 38:2211 – 38:2213, the Housing Authority is to follow certain requirements when purchasing materials and supplies greater than \$20,000 or public works greater than \$100,000. These requirements deal with the advertisement for bids such as the number of days the bid must appear before opening, how often the bid should be advertised, etc.

Condition found: When reviewing bids, it was noted that a purchase that exceeded the \$20,000 threshold was not bid out nor advertised in the public newspaper. The Housing Authority sent requests for quotes to local dealerships.

Possible asserted effect (cause and effect):

Cause: The auditor was unable to determine the cause.

Effect: The Housing Authority was in violation of Louisiana Public Bid Law.

Recommendations to prevent future occurrences: The Housing Authority should establish procedures to ensure that all employees that are involved in the purchasing process are aware of the Louisiana Public Bid Law and that the established procedures are followed.

**Housing Authority of the City of New Iberia
Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 2005**

PART III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular

No. A-133 Section .510(a):

Reference # and title: **05-F2** **Resident Files**

Federal program and specific Federal award identification:

CFDA Title: Public & Indian Housing and CFDA #14.850
Federal Award #FW1264 and Federal Award Year 2005
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This applies to the Low-Rent Housing Program.

Criteria or specific requirement: 24 CFR Sections 5.212, 5.230, and 5.601 through 5.617 as well as HUD guidance concerning the form 50058 contain requirements for information maintained in resident files. These requirements dictate that a re-certification be performed and a copy of HUD 50058 is to be maintained for each resident on an annual basis. Social Security numbers, dates of birth, and expected income on the form should agree to support in residents' files. Residents' income including medical expenses and status of full-time students should be verified by third party. The rent calculation should utilize income verifications on file. The Housing Authority should obtain HUD form 9886 for all residents over 18 years of age.

Condition found: The following exception was noted in testing a random selection of twenty-five resident files:

- Eight files did not have annual recertifications.
- Eight files had personal information on the HUD 50058 that did not agree to supporting documentation
- Three files did not have proper third party income verifications.
- Three files' recomputation of rent based on income documentation did not agree to the rental register.
- One file did not have proper documentation to support the medical deduction on the rent.
- Two files did not have an updated HUD 9886 form.

Identification of questioned costs and how they were computed: Questioned costs can only be determined when the actual resident payment is known along with the amount the resident payment should have been. These factors are not known in all the above exceptions; therefore, no questioned costs were calculated.

Possible asserted effect (cause and effect):

Cause: The Housing Authority does not have procedures in place to ensure that the resident comes in the office to sign all necessary information to complete the annual re-certification.

Effect: Information, which is incomplete, in the residents' files, may cause the Housing Authority to support a unit to an ineligible family or charge lower rent than should be charged.

**Housing Authority of the City of New Iberia
Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 2005**

Recommendations to prevent future occurrences: The Housing Authority should establish some procedures to ensure that all residents come in to update their information and sign all necessary documents to complete the annual re-certification process.

Reference # and title: **05-F3** **Documentation for MASS Certification**

Federal program and specific Federal award identification:

CFDA Title: Public & Indian Housing and CFDA #14.850
Federal Award #FW1264 and Federal Award Year 2005
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This applies to the Low-Rent Housing Program.

Criteria or specific requirement The Housing Authority is required to electronically submit the Management Assessment Subsystem (MASS) to the Real Estate Assessment Center (REAC) annually. This information is used to grade the housing authority's performance. Critical information included in the MASS is vacant unit turnaround time, work orders, annual inspection of dwelling units and systems, and security.

Condition found: When testing the MASS Submission, the numbers according to the documentation for the vacant unit turnaround did not agree to what was submitted. It was also noted that the Housing Authority does not maintain an annual inspection log; they only maintain the inspections forms. We were able to review inspections forms; however, unable to determine if all units were inspected, which was submitted on MASS.

Possible asserted effect (cause and effect):

Cause: *The auditor was unable to determine the cause of the condition found.*

Effect: The vacant unit turnaround and annual inspections could be misstated which would have impact on the MASS scoring system

Recommendations to prevent future occurrences: The Housing Authority should establish some procedures to ensure that all documentation for the MASS Submission is accurate and in agreement with what was actually submitted.

**Housing Authority of the City of New Iberia
Summary Schedule of Prior Audit Findings
March 31, 2005**

Reference # and title: **04-F1** **Resident Files**

Initially occurred: March 31, 2004.

Condition: The following exception was noted in a haphazard selection of twenty-five resident files tested:

Six had no re-certification performed within the year and therefore did not have copies of HUD 50058

Corrective action taken: See Finding 05-F2

**Housing Authority of the City of New Iberia
Corrective Action Plan for Current-Year Findings & Questioned Costs
March 31, 2005**

Finding reference # and title: 05-F1

Public Bidding Process

Condition: According to the Louisiana Revised Statute 38:2211 – 38:2213, the Housing Authority is to follow certain requirements when purchasing materials and supplies greater than \$20,000 or public works greater than \$100,000. These requirements deal with the advertisement for bids such as the number of days the bid must appear before opening, how often the bid should be advertised, etc.

When reviewing bids, it was noted that a purchase that exceeded the \$20,000 threshold was not bidden out nor advertised in the public newspaper. *The Housing Authority sent requests for quotes to local dealerships.*

Corrective action planned: The Housing Authority allows Department of Health and Hospitals (DHH) to use our Family Investment Center to administer its alcohol and substance abuse program. The Housing Authority has no direct control over the program or the monies that is spent. The Executive Director of the Housing Authority told the local program coordinator and director out of the Lafayette Regional Office that they could buy the van under state contract through the Housing Authority, but it was decided by those out of the control of the Executive Director and the Housing Authority not to follow that recommendation.

Person responsible for corrective action:

Mr. Elton J. Broussard, Jr., Executive Director Telephone: (337) 364-5515
Housing Authority of the City of New Iberia Fax: (337) 364-6937
325 North Street
New Iberia, LA 70560

Anticipated completion date: Immediately

Finding reference # and title: 05-F2

Resident Files

Condition: 24 CFR Sections 5.212, 5.230, and 5.601 through 5.617 as well as HUD guidance concerning the form 50058 contain requirements for information maintained in resident files. These requirements dictate that a recertification be performed and a copy of HUD 50058 is to be maintained for each resident on an annual basis. Social Security numbers, dates of birth, and expected income on the form should agree to support in residents' files. Residents' income including medical expenses and status of full-time students should be verified by third party. *The rent calculation should utilize income verifications on file. The Housing Authority should obtain HUD form 9886 for all residents over 18 years of age.*

The following exception was noted in testing a random selection of twenty-five resident files:

- Eight files did not have annual recertifications.
- Eight files had personal information on the HUD 50058 that did not agree to supporting documentation
- Three files did not have proper third party income verifications.
- Three files recomputation of rent based on income documentation did not agree to the rental register.
- One file did not have proper documentation to support the medical deduction on the rent.
- Two files did not have an updated HUD 9886 form.

**Housing Authority of the City of New Iberia
Corrective Action Plan for Current-Year Findings & Questioned Costs
March 31, 2005**

Corrective action planned: The Housing Authority has re-assigned these duties from the Assistant Executive Director to the housing clerk.

Person responsible for corrective action:

Mr. Elton J. Broussard, Jr., Executive Director Telephone: (337) 364-5515
Housing Authority of the City of New Iberia Fax: (337) 364-6937
325 North Street
New Iberia, LA 70560

Anticipated completion date: Immediately

Finding reference # and title: 05-F3

Documentation for MASS Certification

Condition: The Housing Authority is required to electronically submit the Management Assessment Subsystem (MASS) to the Real Estate Assessment Center (REAC) annually. This information is used to grade the housing authority's performance. Critical information included in the MASS is vacant unit turnaround time, work orders, annual inspection of dwelling units and systems, and security.

When testing the MASS Submission, the numbers according to the documentation for the vacant unit turnaround did not agree to what was submitted. It was also noted that the Housing Authority does not maintain an annual inspection log; they only maintain the inspections forms. We were able to review inspections forms; however, unable to determine if all units were inspected, which was submitted on MASS.

Corrective action planned: The Housing Authority has created a form that measures down time, make ready time and lease up time. It has also bought new uniform physical inspection software that has a hand held computer system that can downloaded into the computer after inspection.

Person responsible for corrective action:

Mr. Elton J. Broussard, Jr., Executive Director Telephone: (337) 364-5515
Housing Authority of the City of New Iberia Fax: (337) 364-6937
325 North Street
New Iberia, LA 70560

Anticipated completion date: Immediately

**Housing Authority of the City of New Iberia
Status of Prior Year Management Letter Items
March 31, 2005**

04-M1 Housing Authority Policies

Condition found: Some of the Housing Authority's policies are old and out dated. Some procedures have changed over the years but these changes are not reflected in the policies. Policies such as travel, purchasing and investing need to be reviewed and revised.

Corrective action taken: The Housing Authority Board is working on updating all policies.

04-M2 Information Systems

Condition found: The Housing Authority is using computer information systems; but, does not perform weekly backups or have a disaster recovery plan.

Corrective action taken: This has been corrected.

04-M3 Vendor Disbursements

Condition found: Expenses should be documented with original invoices or other original documentation to provide support for the invoices.

Corrective action taken: This has been corrected.